

RD AN No. 4204 (3570-B)
July 18, 2006

TO: State Directors
Rural Development

ATTN: Community Programs Managers

FROM: Russell T. Davis (*Signed by Russell T. Davis*)
Administrator
Housing and Community Facilities Programs

SUBJECT: Community Facilities Grant Program
Maximum Eligible Federal Grant Assistance

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) provides clarification on the use of Federal grant assistance (the Federal share) toward the cost of developing essential community facilities under the Community Facilities (CF) grant program.

COMPARISON WITH PREVIOUS AN:

This AN replaces and updates RD AN No. 4039 (3570-B) dated January 10, 2005, which expired January 31, 2006.

IMPLEMENTATION RESPONSIBILITIES:

Use of Federal Grant Funds

RD Instruction 3570-B, section 3570.63(8) provides that CF grant assistance may not exceed 75 percent of the cost to develop an essential community facility. In addition, section 306(a)(19)(B) of the Consolidated Farm and Rural Development Act limits the total Federal grant participation to 75 percent of the cost of a community facility.

EXPIRATION DATE:
July 31, 2007

FILING INSTRUCTIONS:
Preceding RD Instruction 3570-B

Previously, the Agency determined that no limit was placed on the overall Federal grant assistance provided for a project. However, after carefully reviewing the statute, we have determined that normally the 75 percent limitation applies to both Community Facilities grant assistance and any other Federal grant assistance. The only exception is when another statute authorizes and funds a higher Federal match. A good example is the Delta Regional Authority statute (7 U.S.C. 2009aa et seq.) which permits increasing the Federal share up to 90 percent. No limitation is placed on the amount of Federal direct and guaranteed loan participation.

If you have any questions concerning this issue, please contact Chad Parker, Director, Direct Loan and Grants, Rural Development at (202) 720-1502.